

The
Management
University
of Africa



Sponsored by the Kenya Institute of Management

POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

SMO 502: ADVANCED STRATEGIC MANAGEMENT

DATE: 8TH DECEMBER 2016

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

Tabin is considered as one of the largest firms after Tem, Tokin, Tarin and Taklet. The Big Five are big in many ways, one of which happens to be their sheer size in terms of number of employees. This may seem like a good comparative statistic, but in actual sense the head count statistic is a bit tricky. Some companies count contractors in different ways, and the head count at the best of times is a moving target. Tabin came in somewhere between 100,000 and 150,000 employees in the first quarter of 2009. Tem has approximately 80,700 employees; Tokin checks in at over 100,000 employees, Tarin has close to 98,000 employees and Taklet has only about 30,000 employees. All of the Big Five have extensive overseas operations. Tabin operates in more than 100 countries, and the rest of the Big Five companies each operate in less than 80 countries. The upstream division dominates Tabin's cash flow, accounting for approximately 70 percent of revenue with more than 50 percent return on average capital employed. Tabin offers cheap prices than its competitors, includes firm infrastructure like economic culture, a number of regional offices and pleasant environment to work. Management conducts various visits and it is learnt there are no rehearsals before any meeting which is usually scheduled every Saturday.

Company efficiently manages its human resources. Tabin terms its employees as associates. Manager compensation is related to the profit of store operated by him, within promotions, compensation offered to associates depending on company profits and also offered some incentives on their performances. Company is not unionized as the company takes all the measures on their benefits and provides all the training on related issues. Technology plays a vital role in development in the organization and Tabin is well equipped with technological inventions like electronic checkouts at point of sale, store performance tracking, real time market research, satellite system and Universal Product Code. The other factors that enhance the margin of profits for Tabin are inbound logistics with frequent replacement, automated data capture solutions, flow of goods in unbroken sequence from receiving to dispatching by eliminating storage, electronic data interchange etc. Tabin

strategy in terms of its operation is very unique as it applies various methods like opening big stores in small towns with monopoly in the market with low rental costs, local prices, enhancing brand name, concentric expansion, little space for inventory, store within store etc. Store managers are made responsible as they are given liability to fix the range of pricing. All the above factors combined together increases the margin of prices through bulk sales. At the same time it has helped to boost the confidence level of customers with services like point of sale information system and everyday low prices.

Required:

- a) With reference to five forces of Michael Porter, advice Taklet how to outmaneuver Tabin in the industry? (8 marks)
- b) Explain the competitive advantage of Tabin (4 marks)
- c) Which specific strategies were followed by Tabin to outmaneuver competitors? (6 marks)
- d) Assuming you were the CEO of Tabin, discuss the strategic modes of entry to new markets you would consider. (6 marks)
- e) As a strategist, the CEO of Tabin has approached you to advice on the best strategy between franchising and DFI as the company explores international market. Would you advice for FDI or franchising and why? (6 marks)

QUESTION TWO

- a) Countries have specific features that are particularly for international organizations to consider as they strategize to enter international trade: Using Kenya as an example, discuss any three (3) most important aspects of legal regimes in businesses (9 marks)
- b) There is endless argument on the relative role of industry forces versus resource based view in creating competitive advantage to a focal firm. What is your take on this? (6 marks)

QUESTION THREE

- a) Using local and international examples, explain the following as you highlight their distinctive features (6 marks)
- i. International companies
 - ii. Multinational companies
 - iii. Transnational companies
- b) What is protectionism? Explain three (3) main reasons why countries implement protectionism? (7 marks)
- c) Globalization is not universally popular. Explain any two (2) reasons for this (2 marks)

QUESTION FOUR

- a) In deciding where to locate their various operations, organizations need to consider a number of factors. Using appropriate illustrations, discuss any three (3) of such (9 marks)
- b) With reference to Barney (1991), analyze a combination of resource conditions that would lead to (i) Competitive parity (ii) Temporary competitive advantage and (iii) Sustained Competitive Advantage (6 marks)